

[By Nate Willis](#)

Rep. Peter Welch (D-Vt.) sent a letter to Attorney General Eric Holder Thursday, recommending he seriously look into the high profile Libor scandal that's swept across the U.K. and the U.S.

News of the scandal entered national headlines when Barclays Bank recently admitted to rigging the Libor rate, which is the average interest rate at which banks lend to one another, between 2005 and 2009.

"We urge the Department of Justice to carefully investigate and aggressively prosecute all senior bank officials who participated in manipulating the London interbank offered rate [Libor] throughout the financial crisis," the letter says in its opening statement.

According to the Financial Times, the scandal affects thousands of U.S. households. "There are at least 900,000 outstanding U.S. home loans indexed to Libor that were originated from 2005 to 2009, the period the key lending gauge may have been rigged," Shahien Nasiripour, reporter for the Financial Times, said in his column.

Whether the Libor rate was manipulated higher or lower, it had a direct correlation to how much a household would pay on its mortgage.

Barclays, a multinational banking institution, agreed to pay \$450 million in a settlement on June 27 amid allegations of Libor manipulation. The Libor rate affects as much as \$800 trillion in affiliated interest rates on anything from mortgages and pensions to government bonds and financial securities.

"This goes to the heart of the integrity of the financial system. It contributes to immense financial pain that ripples through the economy," Welch told The Huffington Post. "To the extent that people who overpay as a result of the Libor manipulation, they should be able to get their money back. Individuals who have mortgages, pension funds who had pensioner investments --

whoever was ripped off is entitled to get their money back."

Other banks headquartered in the U.S. are under investigation for their alleged involvement in the scandal, including Bank of America, Citigroup and JPMorgan Chase.

Sens. Jack Reed (D-R.I.) and Sherrod Brown (D-Ohio), both of whom sit on the Senate Banking Committee, wrote a letter to Holder on behalf of 12 Senate Democrats regarding the scandal. The letter urges Holder and the Financial Stability Oversight Council, which was established in the Dodd-Frank Wall Street Reform And Consumer Protection Act, to conduct a thorough investigation into the matter of banking malfeasance that they say has had a ripple effect on the economy and individuals across the U.S.

"We are troubled that several of the world's largest financial institutions, including several based in the United States, may be involved in an effort to purposely misstate the London Inter-Bank Offered Rate (LIBOR), a key interest rate used in as much as \$800 trillion worth of financial instruments," they say in the letter.

"Any illicit profits should be 'clawed back' from the banks and from the individual participants. The folks who participated in this violation of the law should spend some time behind bars. Senator Brown is right to be aggressive in this investigation," Welch said.

"There has to be a cop on the beat," he added. "We have to send a message to these people who are entrusted with bank deposits that they can't use them for their personal gain."